



HOSPITALITY CONSULTING

Southeast Asia

Hostel Market Trends

November 2016

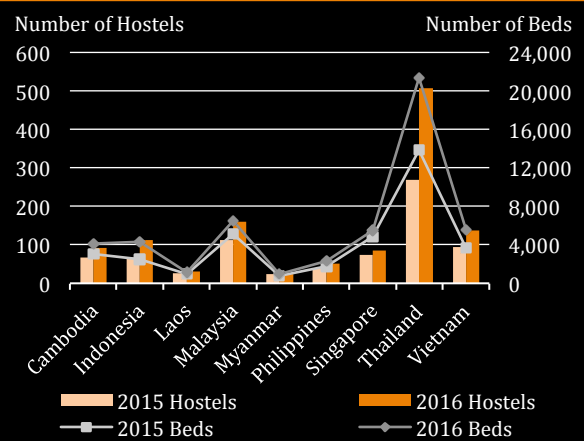
Over 15,000 beds launched within a year drive momentum in fast emerging hostel sector

Average rates per room now pushing into budget hotel tier

“The SE Asia hostel market this year has seen a substantial growth of 42% in bed inventory, totaling 51,795 beds in 1,201 properties across the region. Following last year’s trend, Thailand remains the biggest single market with a 41% share. Heightened competition in the sector is expected to result in a consolidation push, with more traditional hospitality groups embracing the product.

While properties in urban areas have a more stable trading with higher rates, 78% of supply growth in 2016 came from non-city entries. City hostel developments remain challenged by soaring land values, which are pushing the pipeline towards conversions and re-purposing. Additionally, diverse demand is being manifested in the evolution of hybrid hostel/hotel properties that cater to a broader demographic yet have yield driven operations.

SE Asia Hostel Market Size by Country



Source: C9 Hotelworks Market Research

That said, a fast growing supply of private rooms is putting hostels and hybrids on a collision course with budget hotels, as the new investment yardstick is cash flow along with real estate efficiency.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

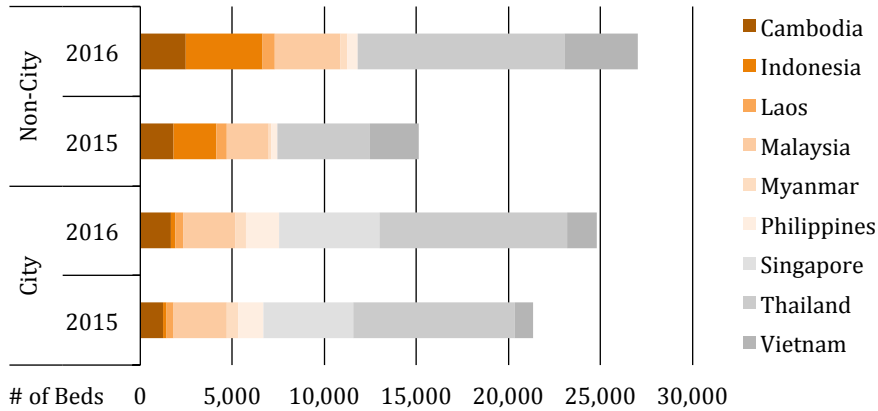
- Indonesia leads the supply growth with 73% uplift in bed inventory over last year, followed by Thailand and Vietnam at 55% and 51%, respectively.
- Currently, there are 82 groups with multiple properties across Southeast Asia, operating a total of 10,242 beds.
- Singapore sits atop the sector, with a per bed rate average of USD20 and beds per room ratio at 6.4 this year, a negative 1% and positive 3% change respectively.

Forward Outlook

- Pods or capsule beds are trending in urban markets as operators look to maximize beds per room, while providing privacy for guests compared to traditional hostel bunk beds.
- Demand spectrum for hostels and poshtels is expanding beyond budget travelers, and into groups and social experience seekers.
- Private rooms are becoming a widespread phenomenon amongst properties in non-city locations, with 74% of total hostels in SE Asia now offering this room category.

MARKET OVERVIEW

2016 vs. 2015 City and Non-City Market Comparison



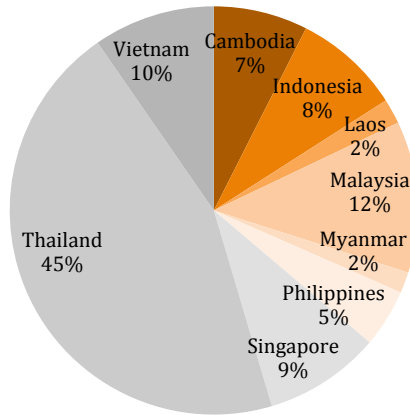
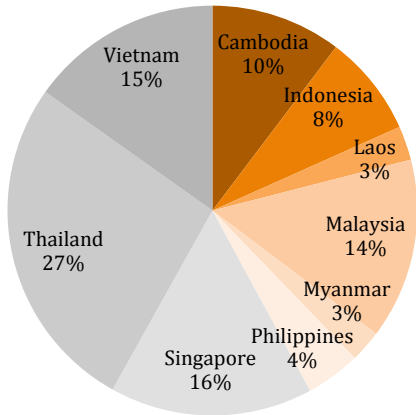
Source: C9 Hotelworks Market Research

Non-city hostel supply grew by 79% y-o-y while city hostels rose 16%, with Thailand having the highest share in both segments

Chain vs. Independent Hostels

Chain Affiliated

Independent



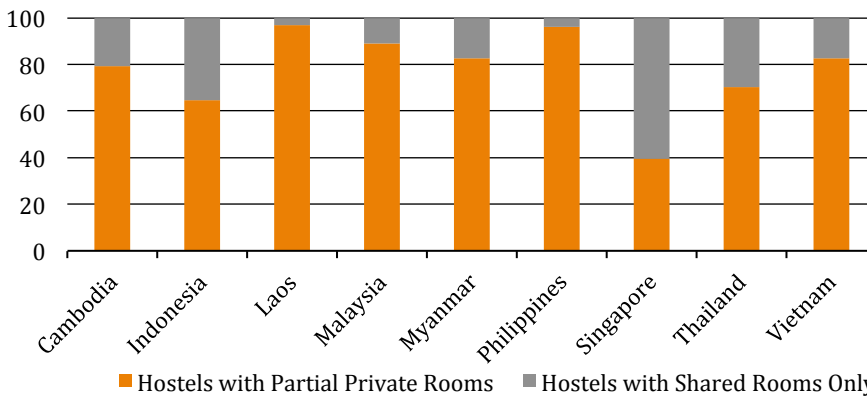
Data as of Q3 2016

Source: C9 Hotelworks Market Research

Independent operators dominate the regional hostel market, with 41,553 beds representing 80% of total supply

Private Rooms vs. Shared Rooms Mix

% of Hostels



Data as of Q3 2016

Source: C9 Hotelworks Market Research

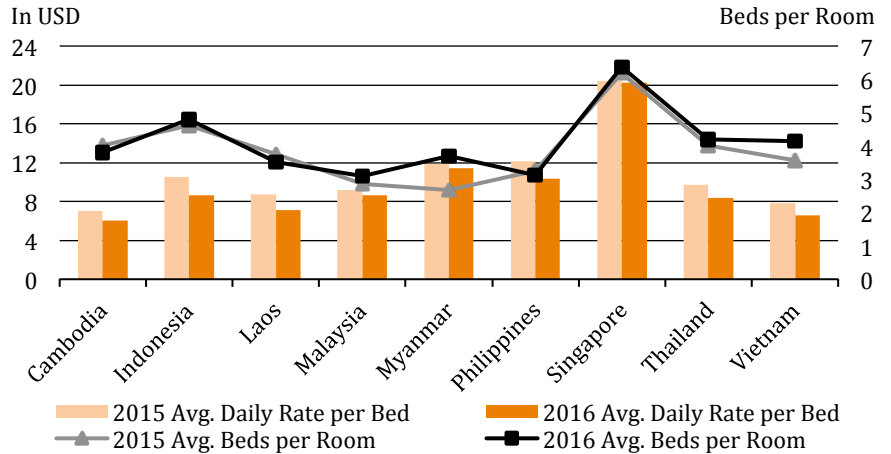
Hostels in urban areas generally have more shared rooms versus private rooms due to higher rental or land cost

PERFORMANCE INDICATORS

Average Daily Rate per Bed and Average Beds per Room Ratio

2016 vs. 2015 Country Comparison

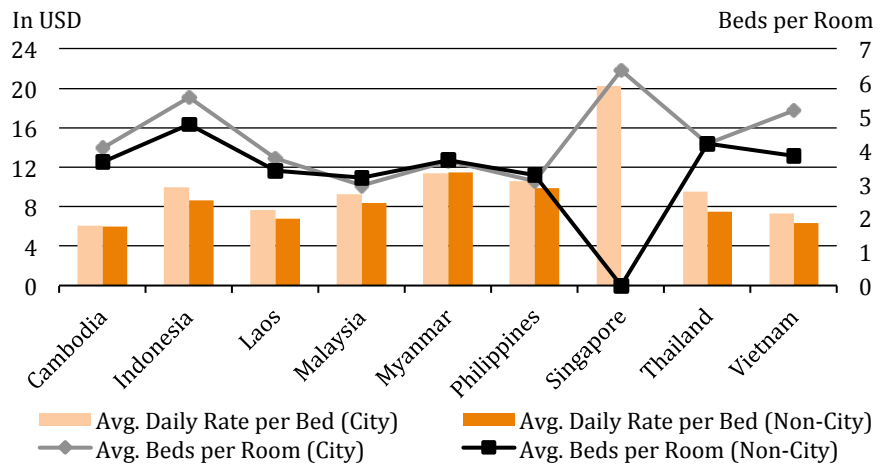
Rising competition across the region has impacted 2016 rates at USD9 per bed, with an increased ratio of 4.1 beds per room



Source: C9 Hotelworks Market Research

City vs. Non-City Comparison

Median per bed rates in city hostels are 46% higher than those of non-city properties with Singapore topping the list

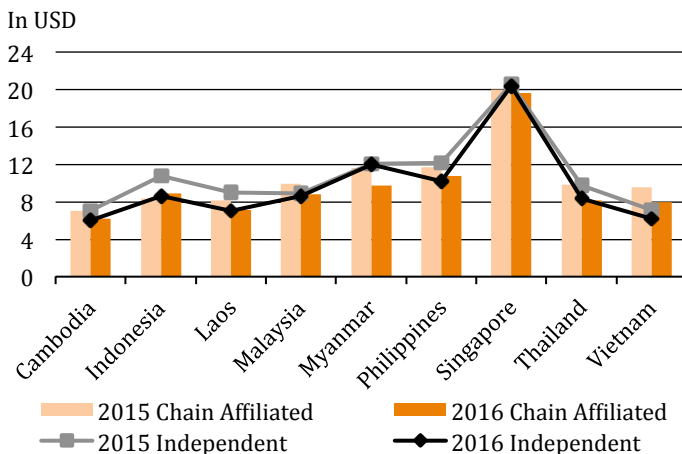


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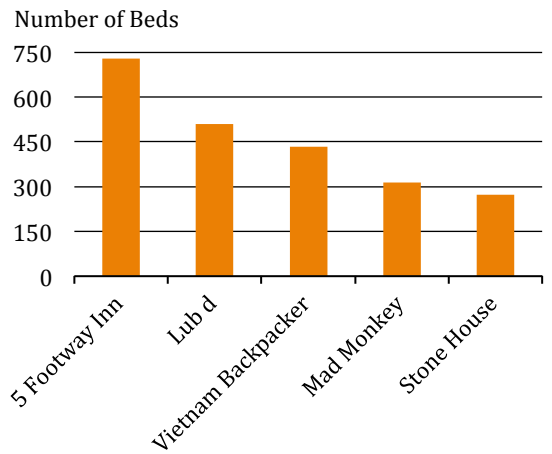
Source: C9 Hotelworks Market Research

Chain vs. Independent - Average Daily Rate per Bed

Top 5 Operators by Bed Supply



Source: C9 Hotelworks Market Research



Data as of Q3 2016

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



HOSPITALITY CONSULTING

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